

QUESTIONS AND ANSWERS CONCERNING THE NEW NATIONSBANK DOD TRAVEL CARD

1. Is the Federal government instituting a new travel card program?

Yes. The General Services Administration (GSA) began work on a new procurement for the Travel and Transportation System during fiscal year 1996, and awarded "Master Contracts" to multiple vendors in February 1998. The Department of Defense (DoD) stood up a Task Order Team, with representatives from the Military Services and Defense Agencies, immediately after the GSA master contract award. On April 2, 1998, DoD announced that NationsBank would provide a Visa card for the purpose of charging expenses incurred during official travel for the Department's travelers.

2. Which Agency is responsible for managing the Government-wide program?

GSA is responsible for the overall government-wide program; however, the Defense Finance and Accounting Service (DFAS), Finance, Travel Programs and Services (FMT) Directorate is responsible for oversight and management of the DoD's travel card program. A DoD Transition Task Team, which consists of the following members: Michael Weber, (Air Force), Mike Petty, (Army), Paul White, (Navy), Craig Wojtowicz, (Marine Corps) and Jim Wolff, (DoD Other) acts as an advisory board to the DFAS Travel Card Program Management Office (PMO).

3. What role will the contractor have in the program?

NationsBank becomes the new partner in the travel card program. They issue travel cards, provide their Electronic Account Government Ledger System (EAGLS) system and travel card process training, issue status reports, and generally work hand-in-hand with the DFAS Travel Card PMO and the Component Program Managers (CPM).

4. What types of payments for travel will be available under the program? Under what conditions will they be used?

The Department has selected the following payment vehicles under the task order with NationsBank:

(a.) **Standard Travel Card.** Issued to cardholders whose payments of travel card bills that are current, or less than 60 days delinquent, as of August 1, 1998. The credit limit on these cards is \$5,000.00 per billing cycle. The ATM limit is \$500.00 per billing cycle..

(b). **Restricted Travel Card.** May be issued to cardholders 60 or more days delinquent, but not suspended, as of August 1, 1998, or card applicants who do not have a credit history as of December 1, 1998. Cards are activated by the APC when requested by the traveler. The total limit on this card is \$1250.00. This credit limit reflects: a \$200.00 ATM limit, a

\$50.00 retail limit, and a \$1,000.00 limit for lodging, rental cars, and/or miscellaneous expenses. APC intervention is required in cases where travel time is extended, for an increase in spending limits, and to activate and/or deactivate these travel cards. The use of split-disbursement is **highly encouraged** for these cardholders. NationsBank mails billing statements directly to the individual cardholder.

(c). **Travelers Checks.** Cash advances in traveler check form will be provided by the Agency/Service when the traveler presents the order to travel. Traveler checks are recommended for those one time only travelers in special circumstances, or for those travelers that have lost their card privileges. Travelers checks are sometimes used by the Agency/Service when the normal travel card may not be used for travel expenses for extenuating reasons, such as employee security, or travel to a remote location. An individual travelers check program is also available from NationsBank that provides current individual cardholders who have been approved by their immediate supervisors, with a pre-established amount of traveler checks, on a pre-established basis.

(d). **Unit Cards (Centrally Billed Accounts (CBA)).** Unit cards are issued to an activity as a Centrally Billed Account; the activity being the cardholder. The activity (as opposed to an individual) is responsible to reconcile charges made to these cards and authorize payment of the charges. DoD Components may only use unit cards when it is cost effective and/or deemed in the best interest of the mission. Categories of travelers who would use unit cards would include, but are not limited to, new recruits and employees, travelers on invitational orders, prisoners, group travelers, and personnel denied the travel card in accordance with DoD policy. Normally, charge cards will not be issued in conjunction with a unit card; however, when cards are requested by the DoD Component user, NationsBank will notify the appropriate CPM and with approval, issue a charge card to the individual designated by the requesting APC.

5. (a) What are the limitations on the travel card? (b) Is there a spending limit? (c) Is the card limited to official business or can employees use it for their own personal, non-business related needs?

(a) For questions (5 a & b), see (4a & b) above for the travel card limitations and spending limits.

(b) The Travel card is limited to official business and is absolutely not for use for the employee's own personal, non-business related needs.

6. (a) Will pre-funded cards be available for use in DoD? (b) How will they work? (c) How will they be activated? (d) What credit limits will apply? (e) If travel is extended, how will an employee get the limits increased if necessary? (f) What if the employee runs out of money?

Pre-funded cards are available under the Department's task order, however, pre-funded cards will not initially be offered. Because pre-funded cards are not initially offered, the pre-funded card procedures have not been developed.

7. (a) What happens to my current Government credit card? (b) Will it become invalid on a certain date? (c) Do I have to return it?

The current card provider, American Express, has requested that all individual Department cards be cut in half by the cardholder and destroyed not later than December 1, 1998. Cards will become "deactivated," on November 29, 1998, midnight, Greenwich Mean Time (GMT) (7:00PM EST).

8. (a) Does the Government-wide program require or provide for credit checks? (b) What is the policy? (c) Does it require Federal agencies to do credit checks? (d) Does it authorize them? (e) Can the contractor demand them? (f) What criteria is applied by those doing the checking?

(a) Yes. The General Services Administration (GSA) Master Contract for Travel and Transportation allows credit checks when requested by an Agency under the contract.

(b) There is not a government-wide credit check policy.

(c) There is no requirement for Federal agencies to do credit checks. Credit checks are at the request of an Agency under the contract.

(d) Yes, but only at the request of an Agency under the contract.

(e) No. The Contractor may not delimit its offer solely based on credit checks.

(f) Upon receipt of a properly executed/signed application, NationsBank will obtain a credit bureau report from the credit bureau agency. Information contained in the report includes:

- (1) A credit bureau score (FICO), based on a mathematical equation derived from historical performance.
- (2) The number and size of accounts currently held by the cardholder.
- (3) The status of these accounts.
- (4) The degree of delinquency on these accounts, if any.
- (5) Any accounts currently in collections.
- (6) Any accounts that have been "charged off."
- (7) Any bankruptcy filings

(g) NationsBank will review the above credit report information to make the following recommendations as to which type of credit card should be issued:

- (1) A standard card product is appropriate.
- (2) A level 1 designation - restricted card is appropriate.
- (3) A Level 2 designation - restricted card is highly recommended and a standard card would be inappropriate.

9. (a) When will credit checks be requested? (b) Does DoD require them? (c) Why? (d) What is the benefit to DoD? To employees?

(a) Credit checks will be done on all DoD cardholders who are 60 or more days delinquent, and whose cards have been suspended, or canceled by American Express as of August 1, 1998, and those new card applicants after December 1, 1998.

(b) Yes. DoD will require the new contractor to provide credit checks for travelers as a tool to assist Commanders/Supervisors in managing their travel card programs.

(c) DoD believes that this combined strategy of credit checks for potential travel cardholders, alternative card products, such as restricted cards, and the split-disbursement payment option at travel voucher settlement, will increase the value of the DoD portfolio to card contractors. This strategy is envisioned to give management, card providers, and travelers the tools necessary, at no additional cost, to provide a balanced program that will meet both the DoD's travel card management and its traveler's requirements.

(d) Also, credit checks as described above will help prevent employees who have had past difficulties with the use of credit cards from having future problems.

10. (a) Can the contractor deny a credit card to an employee based on a credit check? (b) Can DoD?

(a) NationsBank cannot deny a credit card to an employee, however, NationsBank will make a recommendation as to which type of payment vehicle should be issued based on the credit check results to the cardholder applicant's APC.

(b) Since DoD will not receive credit check information, but only a recommendation on the type of payment vehicle recommended for the traveler's use, employees will not be denied a travel card based solely on the credit check process.

11. Which employees will be subject to credit checks?

The DoD procedure is that credit checks will be accomplished for all DoD cardholders who are 60 or more days delinquent, and whose cards have been suspended, or canceled by American Express as of August 1, 1998, and those new card applicants after December 1, 1998.

12. Does an employee have to consent to a credit check? In writing?

Yes. Employees must consent in writing and may withdraw their approval for the credit check process at any time. Those employees who do not consent to a credit check may be provided a restricted travel card at the discretion of their APC.

13. (a) What if the employee does not consent to the credit check? (b) What travel options are available to the employee? (c) Will the employee be denied travel?

(a) Those employees who do not consent to a credit check will be provided a restricted travel card as defined in question 4.b.

(b) In addition to the restricted card approach, the options available to the traveler are that he/she may pay for the travel at their own expense and be reimbursed after the fact; or, he/she may request a hardship and the employer may authorize some type of cash advance, usually limited to 80% of miscellaneous expenses (MI&E).

(c) Nothing in the travel card program prevents or denies travel for an employee. Local management continues to determine whether or not employees travel.

14. (a) What options are available to an employee who fails a credit check? (b) Will the employee be given other options to pay for travel? (c) Will the employee be denied travel?

(a) Employees will not “pass” or “fail” the credit check process -- NationsBank will simply suggest that an alternative travel payment vehicle, such as the restricted card or traveler checks, be issued to those employees identified as high risk.

(b) The options available to the traveler are that he/she may pay for the travel at their own expense and be reimbursed after the fact; or he/she may request a hardship and the employer may authorize some type of cash advance, usually limited to 80% of miscellaneous expenses (MI&E).

(c) Employees will not be denied travel at the DoD management level.

15. (a) If a credit check is made on an employee, will that fact be made known to other parties who are checking the employee's credit? (b) What if the employee failed the credit check? (c) Will that jeopardize the employee's credit?

(a) No. However, the fact that a credit check has been performed will appear on the credit bureau's record for the applicant and will be evident to subsequent credit

grantors who request a credit check. NationsBank will not proactively report this information to other credit grantors.

(b) Employees will not “pass” or “fail” the credit check process -- NationsBank will simply suggest that an alternative travel payment vehicle, such as the restricted card or traveler checks, be issued to those employees who are identified as high risk.

(c) NationsBank will not report the results of the credit check to other credit agencies.

16. What is the obligation to bargain over the policy with unions representing DoD employees?

Management should notify unions of representing DoD employees and should give them the opportunity to request bargaining concerning these changes, prior to implementation, consistent with the provisions of the Federal Service Labor-Management Relations Statute and any applicable bargaining agreement provisions.

17. What impact does the new credit card procedure have on existing collective bargaining agreements between Federal managers and unions representing Federal government employees?

The new credit card procedure does not replace conflicting provisions in an existing collective bargaining agreement. However, managers need to bring the agreement into compliance with the new credit card procedure when the agreement is re-negotiated or renewed and they are encouraged to seek full implementation of the changes even sooner, e.g., through provisions in the agreement which allow the agreement to be reopened during its term to permit negotiations over its provisions.